

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 3951
ORDER NO. 4497

IN THE MATTER OF A HEARING CALLED ON A
MOTION OF THE COMMISSION TO CONSIDER THE
APPLICATION OF UNION TEXAS PETROLEUM
CORPORATION FOR AN ORDER TO PERMIT THE
FLARING OF GAS PRODUCED FROM ITS RIDL #13-13
BEATRICE WELL, LOCATED IN SECTION 13, T.140N.,
R.96W., DICKINSON FIELD, STARK COUNTY, NORTH
DAKOTA, AS AN EXCEPTION TO SECTION 38-08-06.4
NORTH DAKOTA CENTURY CODE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:00 a.m.
on the 24th day of April, 1986, in Bismarck, North Dakota, before an examiner
appointed by the Industrial Commission of North Dakota, hereinafter referred
to as the "Commission."

NOW, on this 5th day of May, 1986, the Commission, a quorum being
present, having considered the testimony adduced and the exhibits received
at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the
Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Section 38-08-06.4 of the North Dakota Century Code states:

As permitted under rules of the industrial
commission, gas produced with crude oil from
an oil well may be flared during a one-year
period from the date of first production from
the well, or until June 30, 1986, for wells in
production prior to July 1, 1985. Thereafter,
flaring of gas from the well must cease and the
well must either be capped or connected to a
gas gathering line. For a well operated in
violation of this section, the producer shall
pay royalties to royalty owners and gross
production tax imposed under section 57-51-02
upon the value of the flared gas. The
industrial commission shall enforce this section
and, for each well operator found to be in
violation of this section, shall determine the
value of flared gas for purposes of payment of
gross production tax and royalties under this
section and its determination is final. A
producer may obtain an exemption from this
section from the industrial commission upon
application and a showing that connection of
the well to a natural gas gathering line is

economically infeasible at the time of the application or in the foreseeable future or that a market for the gas is not available.

(3) That applicant is the operator ("producer") of the following well in the Dickinson-Heath Pool, Stark County, North Dakota:

Beatrice Ridl #13-13, Section 13, T.140N., R.96W.

(4) That the Dickinson-Heath Pool is an oil reservoir, but gas is produced in association with crude oil at the wellhead as a by-product of oil production.

(5) That by previous order of the Commission, said well is currently authorized to flare so that all owners of interests in the well described herein may receive the maximum benefits of the oil and gas production in such a manner that will prevent waste and protect correlative rights.

(6) That the well is currently not connected to a gas gathering facility and that all casinghead gas being produced by the well and not being used for lease operations is being flared.

(7) That the applicant has submitted evidence that under current market conditions the surplus casinghead gas presently being produced by the well and the estimated recoverable reserves from the well is insufficient to recoup the costs of installing and operating a gas gathering facility.

(8) That if the applicant's request in this matter is not granted, royalties and tax must be paid on the flared gas from the above described well, or flaring must cease and the well must be "capped", resulting in the loss of oil production and the loss of the benefits of that production by all owners of interest in the well and the State of North Dakota.

(9) That considering the amount of surplus gas being produced by the well and the amount of estimated recoverable reserves from the well, it is economically infeasible at this time, or in the foreseeable future, to connect the well to a gas gathering facility.

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby allowed to flare surplus casinghead gas produced with crude oil from the Dickinson-Heath Pool through the well listed in (3) of the findings as an exception to the provisions of Section 38-08-06.4 of the North Dakota Century Code.

(2) That this order shall remain in full force and effect until further order of the Commission.

Dated this 5th day of May, 1986.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

/s/ George A. Sinner _
George A. Sinner, Governor

Nicholas J. Spaeth, Attorney General

/s/ Kent Jones _
Kent Jones, Commissioner of Agriculture

STATE OF NORTH DAKOTA

COUNTY OF BURLEIGH

AFFIDAVIT OF
MAILING

I, Evie Reisenauer, being duly sworn upon oath, depose and say: That on the 20th day of May, 1986, I enclosed in separate envelopes true and correct copies of the attached Order No. 4497 of the North Dakota Industrial Commission, and deposited the same with the United States Postal Service in Bismarck, North Dakota, with postage thereon fully paid, directed to the following persons, all of whom appeared at the hearing of the Industrial Commission in Case No. 3951:

Donald B. Wells
14001 E. Iliff Ave.
Suite 500
Aurora, CO 80014

Evie Reisenauer

Evie Reisenauer
Oil & Gas Division

On this 23rd day of May, 1986, before me personally appeared Evie Reisenauer to me known as the person described in and who executed the foregoing instrument and acknowledged that (s)he executed the same as his/her free act and deed.

Loren Huttenbush
Notary Public

State of ND County of Burleigh
My Commission expires 5-13-88

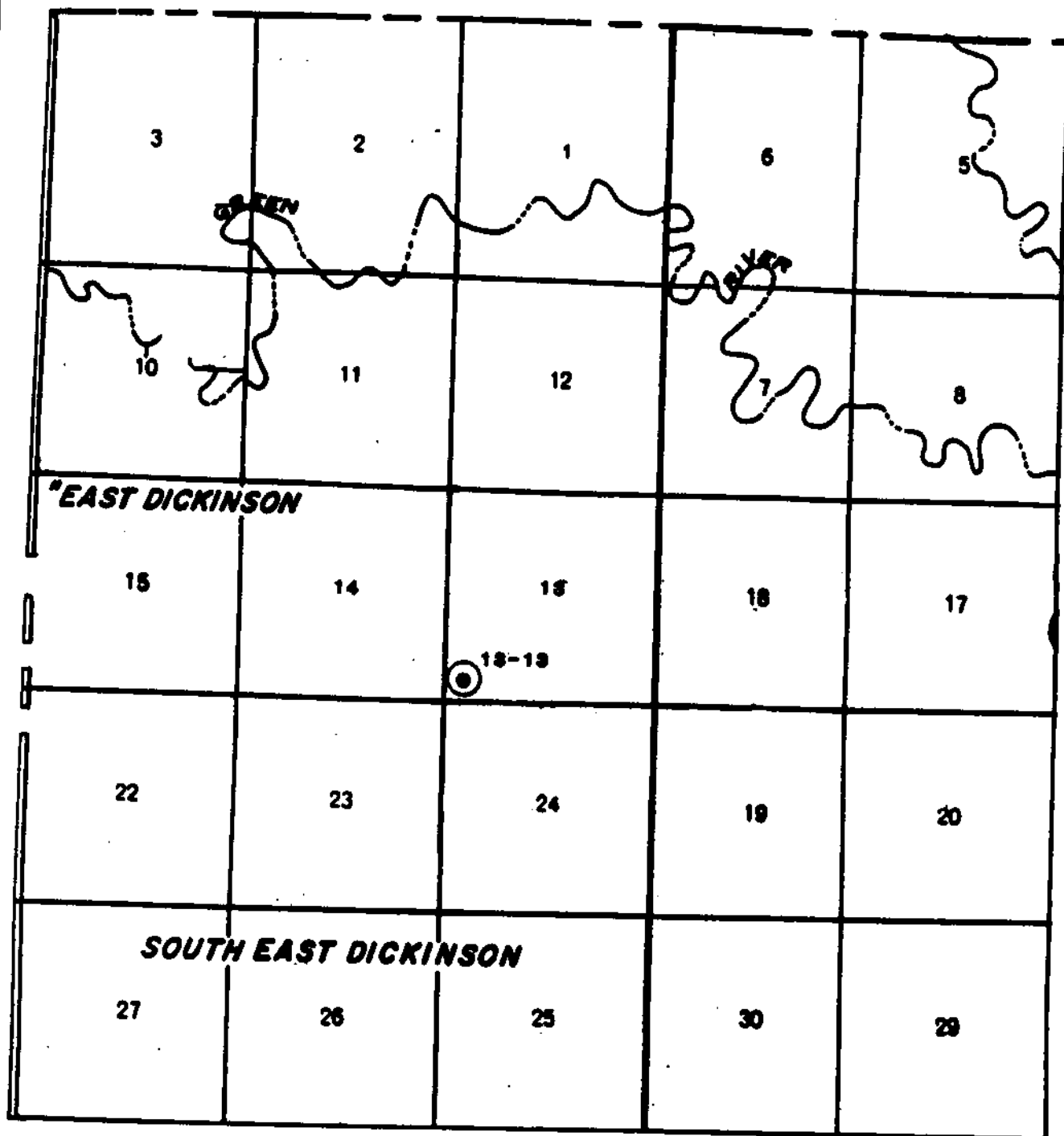
WELL: Rid1 13-13
FIELD: Dickinson
POOL: Tyler
LEGAL LOCATION: Sec 13-140N-96W
COUNTY: Stark
GOR: 135:1
OIL: 37 BPD
GAS: 5 MCFPD
LEASE FUEL: 5 MCFPD - All produced gas utilized on lease
FLARED: Upset or bypass only
REMARKS: No gas pipeline within 10 miles of Rid1 13-13

CASE 3951

Exhibit 1

R 96 W

R 95 W



NO PIPELINE WITHIN 10 MILES



UNION TEXAS PETROLEUM CORPORATION

Williston Basin
DICKINSON EAST
Stark County, North Dakota

RIDL 13-13



Exhibit 2

"Let your Interest in Measurement be our Concern"



PRECISION SERVICE INC.

Flow Measurement Engineers

Analysis Results Summary

Casper, WY 82601

Run No. 2979-1
Date Run 3/17/86
Date Sampled 3/17/86

Analysis For: UNION TEXAS PETROLEUM

Lease: B. RIDL 13-13 Producer UNION TEXAS
Location SEC. 13-140N-94W County STARK State N.D.
Purpose SPOT Sampled By D.E.S.
Sampling Temp. 155 °F Atmos Temp. 32 °F
Volume/day _____ Formation _____
Pressure on Bomb 17 PSIG, Line Pressure 17 PSIG

Gas Component

Analysis

Press. Base: 14.696

Mol. %

Liq. %

GPM
Per MCF

@

Pressure Base

Carbon Dioxide CO ₂	<u>1.887</u>		
Oxygen O ₂			
Nitrogen N ₂	<u>77.663</u>		
Hydrogen Sulfide H ₂ S			
Methane C ₁	<u>14.222</u>		
Ethane C ₂	<u>1.564</u>	<u>.417</u>	
Propane C ₃	<u>1.488</u>	<u>.409</u>	
Iso-Butane IC ₄	<u>.274</u>	<u>.089</u>	
Nor-Butane NC ₄	<u>.925</u>	<u>.291</u>	
Iso-Pentane IC ₅	<u>.328</u>	<u>.120</u>	
Nor-Pentane NC ₅	<u>.566</u>	<u>.205</u>	
Hexanes plus	<u>1.161</u>	<u>.497</u>	
Hexanes C ₆			
Heptanes			
Heptanes Plus C ₇ +			
Total	<u>100.000</u>	<u>2.028</u>	
Pentane + G.P.M.		<u>.821</u>	
Propane + GPM		<u>1.611</u>	
26-lb Gasoline			

BTU Dry 343
BTU Wet 337
Calc. Specific Gravity .980

@ Std. Press. 14.696

BTU Dry 343
BTU Wet 337

Calc. Vap. Press. #/Sq. In. _____

Reid Vap. Press. #/Sq. In. _____

Run by D.E.S.

Calculated By D.E.S.

Ethane + GPM 2.028

Remarks: TREATER SAMPLE

H2S NEGATIVE TO LEAD ACETATE

Distribution: _____

Exhibit 3

#3951

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION)
OF THE UNION TEXAS PETROLEUM COR-)
PORATION, FOR AN ORDER OF THE)
COMMISSION EXEMPTING THE RIDL 13-13)
BEATRICE WELL, LOCATED IN SECTION)
13, TOWNSHIP 140 NORTH, RANGE 96)
WEST, STARK COUNTY, NORTH) APPLICATION
DAKOTA, FROM THE PROVISIONS OF)
SECTION 38-08-06.4 OF THE NORTH)
DAKOTA CENTURY CODE, RELATING TO)
THE FLARING OF GAS PRODUCED IN)
ASSOCIATION WITH CRUDE OIL.)

COMES NOW the applicant, Union Texas Petroleum Corporation,
and respectfully alleges as follows:

1. That it is the operator of the Ridl 13-13 Beatrice well
located in Section 13, Township 140 North, Range 96 West, Stark
County, North Dakota.

2. That gas is produced in association with crude oil from
the well.

3. That due to the volumes of gas produced and the location
of existing gas lines, connection of the well to a natural gas
gathering line is economically infeasible at the present time and
in the foreseeable future. Further, that a market for the gas is
not available.

4. That applicant is desirous that the Commission enter its
order granting an exemption from the provisions of § 38-08-06.4 of
the North Dakota Century Code, relating to the flaring of gas.

WHEREFORE, the applicant respectfully requests that this
matter be set for hearing and that thereafter the Commission enter
its order granting the relief requested.

Dated this 31st day of March, 1986.

UNION TEXAS PETROLEUM CORPORATION

FLECK, MATHER, STRUTZ & MAYER, LTD.
Attorneys for the Applicant
400 East Broadway, Suite 600
P.O. Box 2798
Bismarck, ND 58502

BY


JOHN W. MORRISON

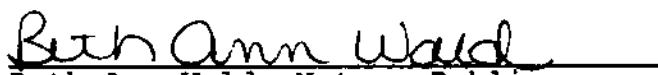
STATE OF NORTH DAKOTA)
) ss.
COUNTY OF BURLEIGH)

John W. Morrison, being first duly sworn on oath, deposes and says that he is the attorney for the applicant herein named, that he has read the above and foregoing application, knows the contents thereof, and that the same is true to the best of this affiant's knowledge, information and belief.


JOHN W. MORRISON

Subscribed and sworn to before me this 31st day of March, 1986.

(S E A L)


Beth Ann Wald, Notary Public
Burleigh County, North Dakota
My Commission Expires: 11/28/90

BETH ANN WALD
Notary Public, Burleigh County, ND
My Commission Expires: 11/28/90